

Healthcare

On the up and up

Hospitals under our coverage reported robust 17.8%/25.1% YoY rise in revenue/ EBITDA in Q3FY26. ARPOB for our coverage hospitals (ex-HCG) grew 5-21%, aided by better case/surgical mix and price hikes. Seasonality and new bed additions marred occupancy at KIMS, Jupiter Lifeline and Apollo but remained steady for Fortis. In Q4FY26, Jupiter is expected to commercialise its Dombivli hospital, while Apollo/ KIMS may add 1,585/ 1,700 beds by FY27 end. Diagnostic chains reported 16.9%/24.8% YoY jump in revenue/EBITDA in Q3FY26. Metropolis' revenue grew faster at ~26% YoY driven by 15% organic growth and consolidation of recent acquisitions. Thyrocare's pathology business grew 20% YoY organically. Diagnostic chains are refraining from taking material price hikes and are focused on improvising reach. **Top picks: Fortis Healthcare, Metropolis and Thyrocare.**

Hospital business – synopsis

Revenue for coverage hospitals grew 17.8% YoY (1.2% QoQ) in Q3FY26. ARPOB for KIMS/Jupiter/Fortis grew 20.5%/13.2%/4.5% YoY. KIMS/Apollo reported a dip of 480/100bps YoY in occupancy and stood at 49%/ 67%, respectively. Occupancy for Fortis, though flat YoY, declined QoQ to 67% as against 71% in Q2FY26 due to addition of beds. EBITDA increased 25.1% YoY (-2.4% QoQ) to INR 18.6bn; margin expanded 99bps YoY (-63bps QoQ) to 17.4%. PAT grew 13.2% YoY (-7.6% QoQ) to INR 8.5bn.

Margins of other healthcare services are improving

Apollo's HealthCo revenue grew 20.2% YoY (+6.3% QoQ) to INR 28.3bn. Offline pharmacy margin stood at 7.8%, up 10bps YoY (+10bps QoQ). Apollo 24/7 recorded GMV of INR 5.25bn, up 28% YoY; total losses of 24/7 stood at INR 1.2bn, down 11.6% YoY. AHLL grew 19.8% YoY (-1.5% QoQ) to INR 4.7bn. The company may list its combined entity on stock exchanges by Q4FY27. Fortis' diagnostics business' (Agilus) revenue came in at INR 3.3bn, up 7.2% YoY (-8.5% QoQ), while margin expanded 1,020bps YoY to 26.3%. Number of tests grew 3.5% YoY to 9.94mn; patient count was up 2.2% YoY at 4.1mn.

Accelerated bed expansion to unleash growth runway

Hospital chains are on track with their planned bed additions. KIMS' new hospitals are ramping up well with Thane and Bengaluru (Mahadevapura) expected to achieve EBITDA break-even by Q1FY27, followed by one more hospital in Bengaluru (Electronic City) in Q3FY27. In Q4FY26, it will add 250 beds in Anantapur (AP) while 550 beds in Kondapur (Telangana) and 200 beds in Kompally will be added by Q1FY27. It will add 350 beds at Rajahmundry (AP) hospital and 351 beds at Thrissur hospital by Q4FY27. Apollo plans to add 3,630 census beds in next ~4 years, of which ~1,585 beds may be added in next 15 months. Total capex outlay is expected to be ~INR 82bn (to incur INR 54bn). Jupiter would commence Phase 1 (200 beds) of new Dombivli hospital, ahead of the planned date in Q1FY27 and is prepared to break-even operations at this hospital by Feb'28. It is on track to add 220 beds at its new hospital in Pune in CY28 and 300 beds in its Mira Road hospital in CY29. Fortis added ~750 beds (500 via M&A and 250 organically) in 9MFY26 and is on track to add ~430 beds in FY27.

Diagnostics – synopsis

Revenue for our coverage grew 16.9% YoY (-7.1% QoQ). Patient/test volume for Dr Lal rose 2.9%/7.8% YoY to 7.1mn/22.2mn. Metropolis' patient/test volume grew 14.4%/13.4% YoY to 3.5mn/7.3mn. For Vijaya, test/patient volume rose 14.7%/11.7% YoY to 4.2mn/1.2m. For our coverage, EBITDA margin expanded 181bps YoY (-226bps QoQ) and EBITDA rose 24.8% YoY (-13.9% QoQ); consequently, profit grew 30.4% YoY (-19.3% QoQ).

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Focused and operational expansion to drive growth

- Dr Lal:** In Jan'26, the company launched the first Sovaaka centre, its wellness vertical to provide personalised, predictive and preventive health testing programmes, including both pathology and imaging. Expanding presence in underpenetrated markets (tier-3 and beyond) through new labs and PSCs (patient service centres) remains a key priority for Dr. Lal. Besides, the company is gaining good traction in its newly set up radiology centre in Delhi NCR and has added one more in the region (capex of INR 150–160mn). Cash of INR 14.1bn may be utilised for technology upgradation, network expansion and M&As with potential opportunities being a top 3/ 5 player in Southern India or a standalone centre in Northeast or West region.
- Metropolis:** Consolidation of all recently acquired businesses of Core Diagnostics, Scientific Pathology (Agra), Dr Ahuja's (Dehradun) and Ambika Diagnostics (Kolhapur), along with 15% YoY organic growth helped Metropolis grow a strong ~26% in Q3FY26. Focus in the near term would be towards rationalising its laboratory network from acquired entities in a bid to curtail cost and improve margins of Core Diagnostics; hence, the company may refrain from exploring M&A opportunities. Metropolis added 300 new collection centres in 9MFY26 and is on track to add 200 more by end-FY26 to improve its presence in tier-2/3 towns.
- Vijaya:** In Q3, it commissioned new hub centres in Phoolbagan and Diamond Harbour, taking the total number of hub centres in West Bengal to seven. Additionally, two new hub centres were commissioned in its core markets of AP and Telangana. Recently added hubs at Krishnanagar and Barasat in West Bengal achieved break-even within two quarters of operations, ahead of the guided timeline of 12 months. In 9MFY26, Vijaya added nine hubs and one spoke to its network and plans to add 4-5 hubs and 10-12 spokes to its network in FY27 with a capex outlay of ~INR 1-1.2bn. Also, the company continues to evaluate inorganic opportunities to expand into newer geographies.

Exhibit 1: Key financials – hospitals

Hospitals Company	Revenue (INR mn)					EBITDA (INR mn)					PAT (INR mn)				
	Q3FY26	Q2FY26	Q3FY25	QoQ (%)	YoY (%)	Q3FY26	Q2FY26	Q3FY25	QoQ (%)	YoY (%)	Q3FY26	Q2FY26	Q3FY25	QoQ (%)	YoY (%)
Apollo Hospitals	64,774	63,035	55,269	2.8	17.2	9,653	9,411	7,615	2.6	26.8	5,169	4,772	3,723	8.3	38.8
KIMS	9,977	9,607	7,724	3.9	29.2	1,989	2,040	1,872	(2.5)	6.3	534	672	887	(20.5)	(39.8)
HealthCare Global Ent	6,331	6,469	5,586	(2.1)	13.3	1,096	1,233	909	(11.1)	20.6	(3)	163	89	-	-
Fortis	22,650	23,314	19,283	(2.8)	17.5	5,057	5,563	3,751	(9.1)	34.8	2,278	3,037	2,262	(25.0)	0.7
Jupiter Life Line	3,666	3,744	3,328	(2.1)	10.1	854	853	763	0.1	11.9	488	520	521	(6.1)	(6.3)
Coverage Universe	1,07,397	1,06,169	91,189	1.2	17.8	18,649	19,101	14,910	(2.4)	25.1	8,466	9,164	7,482	(7.6)	13.2

Source: Company data, I-Sec research

Exhibit 2: Key financials – diagnostics

Diagnostics Company	Revenue (INR mn)					EBITDA (INR mn)					PAT (INR mn)				
	Q3FY26	Q2FY26	Q3FY25	QoQ (%)	YoY (%)	Q3FY26	Q2FY26	Q3FY25	QoQ (%)	YoY (%)	Q3FY26	Q2FY26	Q3FY25	QoQ (%)	YoY (%)
Dr Lal	6,598	7,306	5,967	(9.7)	10.6	1,793	2,241	1,540	(20.0)	16.4	1,126	1,506	967	(25.2)	16.5
Metropolis	4,059	4,292	3,228	(5.4)	25.8	948	1,082	720	(12.4)	31.7	481	527	314	(8.7)	53.3
Vijaya	2,052	2,016	1,690	1.8	21.4	861	818	671	5.2	28.2	432	433	352	(0.2)	22.8
Thyrocare	1,955	2,165	1,659	(9.7)	17.8	578	714	417	(18.9)	38.6	339	480	191	(29.4)	77.4
Coverage Universe	14,665	15,779	12,544	(7.1)	16.9	4,180	4,855	3,349	(13.9)	24.8	2,378	2,945	1,823	(19.3)	30.4

Source: Company data, I-Sec research

Exhibit 3: Key financials – dialysis

Diagnostics Company	Revenue (INR mn)					EBITDA (INR mn)					PAT (INR mn)				
	Q3FY26	Q2FY26	Q3FY25	QoQ (%)	YoY (%)	Q3FY26	Q2FY26	Q3FY25	QoQ (%)	YoY (%)	Q3FY26	Q2FY26	Q3FY25	QoQ (%)	YoY (%)
Nephrocare Health Ser	2,597	2,457	1,973	5.7	31.7	631	639	441	(1.3)	43.0	344	188	201	83.3	71.3

Source: Company data, I-Sec research

Exhibit 4: Valuation summary

Company	Mkt. Cap INR bn	Target Price INR	Rating	EPS (INR)			RoCE (%)			P/E (x)			EV/ EBITDA (x)		
				FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Apollo	1106	7,800	HOLD	132.2	168.8	212.7	12.3	13.7	15.7	57.4	45.0	35.7	31.6	25.6	21.1
KIMS	274	650	HOLD	6.9	12.1	15.5	7.5	10.3	11.9	98.8	56.6	44.3	36.4	26.7	21.8
HCG	81	700	BUY	3.2	9.1	16.2	6.5	8.8	11.4	182.2	64.4	36.3	18.9	15.6	12.6
Fortis	691	1,050	BUY	14.3	19.9	25.9	10.4	12.2	14.2	64.2	46.1	35.3	33.6	26.2	21.2
Jupiter	79	1,440	ADD	28.2	34.3	41.8	11.4	13.0	14.4	42.8	35.2	28.9	23.9	19.4	16.2
Dr Lal	238	1,500	ADD	30.9	35.7	42.4	20.9	20.7	21.0	45.5	39.4	33.2	28.2	24.4	20.9
Metropolis	100	2,400	BUY	38.9	49.9	60.6	12.8	15.2	17.1	47.8	37.2	30.6	24.0	20.2	17.0
Vijaya	104	1,100	ADD	16.5	19.2	22.9	16.0	16.1	16.4	61.2	52.5	44.0	31.6	26.6	22.4
Thyrocare	64	535	BUY	10.2	12.4	15.1	30.0	35.7	42.5	39.0	32.0	26.2	23.9	19.8	16.4
Nephrocare	57	615	ADD	10.8	18.7	22.3	12.5	15.3	15.7	51.5	29.6	24.8	22.2	17.1	14.0

Source: Company data, I-Sec research

Exhibit 5: Q3FY26 – takeaways from hospitals' commentaries

Hospital Company	Commentary
Apollo	<ul style="list-style-type: none"> ARPP grew 11% YoY to INR 1,80,917 in Q3 led by higher complexity cases, better contribution from CONGO therapies and better pricing. Apollo Launched 250-bed quaternary care hospital in Pune in the first phase of planned capacity of 400 beds. It operationalised 75 beds in Pune in Q3FY26 and the balance will be done in a couple of quarters. Apollo took a price hike towards end-Q2FY26. It raised cash tariffs by 3% and further 2% increase in overall realisation came from insurance hikes. HealthCo opened 185 (net) new stores in Q3, taking the total to 7,113 offline stores. Further, the company plans to add 600 offline stores every year. GMV of Apollo 24/7 grew 28% to INR 5.25bn in Q3FY26. Fall in growth rate of GMV was due to a reduction in GST rate (INR 300-350mn impact), reduction in channel partners at Amazon (INR 400mn) and changes in IP/OP classification. Insurance revenue recognition got deferred by 12 months, post the recent changes in GST rates. INR 70mn of revenue got deferred to next quarter due to this change.
KIMS	<ul style="list-style-type: none"> In Karnataka, strike of hospital chains due to pending receivables from state government on Aarogyasri scheme impacted overall volume of the cluster. Patient volume for only 1.5 months was recorded from this scheme during Q3. The company commissioned 50 beds at Ongole hospital in the first week of Feb'26. Nashik hospital turned EBITDA positive in Jan'26 and it has been empanelled by ECHS; it is indicating an uptick in patient inflow from Mar'26. Thane hospital is likely to break-even by end of Q1FY27. Rise in number of transplant surgeries lifted ARPOB for Karnataka cluster in Q3 to INR 76,950; going ahead, it is likely to normalise in the range of INR 70,000-75,000. The company has identical pricing at Mahadevapura and Electronic City hospitals, though it is 15% lower than nearby competitors currently. Management may increase prices to cover the gap with competitors.
Jupiter	<ul style="list-style-type: none"> Revenue growth was primarily driven by better ARPOB growth. Blended ARPOB for Q3FY26 was INR 68,000, with occupancy at 61.4%. The entire construction of its Dombivli hospital was complete within 24 months, with a capex of INR 4.25bn. Phase-1 operations of this hospital will commence with 200 beds (total bed capacity of 500 beds), with a gradual ramp up in bed count as occupancy improves. Peak revenue potential of Dombivli hospital is expected to be in line with Jupiter's current hospital in Thane. ARPOB at Dombivli hospital will be lower than Thane initially due to a lower tertiary/quaternary mix and a higher share of primary services. Indore hospital's occupancy improved YoY, while ARPOB grew 15% YoY; it is expected to grow faster than inflation over the next two years.
Fortis	<ul style="list-style-type: none"> ARPOB rose 4.5% YoY, due to a mix of price and product led by an increased share of complex cases (+52% increase in robotic surgeries). The company added 750 beds (500 beds via M&A and 250 through organic route) to its network in 9MFY26, including the acquisition of hospitals in Bengaluru and Jalandhar. Greater Noida lease facility, launch of Adayu facility and bed addition at existing hospitals in Manesar, Noida and Faridabad. In Q3FY26, 13 hospitals achieved EBITDA margins of over 20%. These hospitals accounted for 77% of revenue, as against 10 hospitals (73% of revenue) having 20%+ EBITDA in FY25. New bed addition, primarily due to Greater Noida hospital and Adayu, led to an occupancy drag of 50bps.

Hospital Company	Commentary
	<ul style="list-style-type: none"> In Jan'26, Fortis acquired 125-bed People Tree Hospital in Yeshwanthpur, Bengaluru for INR 4.3bn through a 100% acquisition of TMI Healthcare Pvt. Ltd along with the underlying land and building, and an adjacent land parcel enabling future expansion to over 300 beds. Preventive portfolio accounted for 12% of revenue supported by growing customer adoption of preventive panels and corporate wellness offerings. The company added 175 customer touchpoints to its network in Q3FY26. Total customer touchpoints at end-Dec'25 stood at 4,370.
HCG	<ul style="list-style-type: none"> Revenue growth was driven by improvement in occupancy and steady mix of complex cases. Existing network has achieved ~60% of its revenue potential. HCG had marginal impact of GST rate revision on revenue and margin, impact of which was offset by few initiatives taken by the management. Temporary disruptions (20-25 days impact in Q3FY26) in AP due to strike against the state-sponsored scheme impacted growth in the South cluster. It expects volume growth of 8-10% ahead for this cluster led by steady performance in Bangalore and ramp up in AP. Volumes for West cluster grew by 11% YoY driven by the strong patient inflow in Gujarat and Maharashtra and expanded capacity at Ahmedabad hospital. Revenue growth for East cluster was led by strong patient inflow at Cuttack and Ranchi hospital coupled with continuous ramp up at Kolkata.

Source: Company data, I-Sec research

Exhibit 6: Q3FY26 – takeaways from commentaries of diagnostic companies

Diagnostic company	Commentary
Dr Lal	<ul style="list-style-type: none"> The company is gaining good traction in its newly set up radiology centre in Delhi NCR and has added one more in the region (capex of INR 150–160mn). Expanding presence in underpenetrated markets (tier-3 and beyond) through new labs and PSCs (patient service centres) remain a key priority. Dr Lal introduced 16 new tests during Q3, including 5 tests offered for the first time in India. Benefits of GST reduction on reagents and chemicals were passed on to patients towards the end of Q3FY26, which had modest impact on revenue; full impact of which will be seen Q4FY26 onwards. Revenue per patient rose by 7% YoY to INR 927 driven by favourable test mix and geographical mix rather than pricing. Patient volume grew at a mere 2.7% in Q3 due to a decline in seasonal fever related test volume.
Metropolis	<ul style="list-style-type: none"> Overall revenue grew 26% YoY while organic revenue growth remained healthy at 15% YoY, supported by patient volume growth of 9% YoY. EBITDA margins for other acquired entities were higher than group level margins. The company launched Centre of Genomics in Delhi, post the integration of Core Diagnostics (Core). Revenue from Mumbai grew 13% YoY despite lower fever related incidences, thus, establishing dominance in the region. GLP-1 will require base-line testing to monitor; company expects the GLP-1 packages to pick-up going ahead. The Board has approved the issue of bonus shares in the ratio of 3:1 subject to approvals. In Q3, the company added 110 new centres mainly through franchise (300 in 9MFY26), expanding its presence to more than 750 towns. Lab closure in Q3 was due to duplication post-acquisition; the company plans to integrate 2-3 labs in Q4FY26 as well. Metropolis had a marginal impact of GST reduction (down from 12% to 5%). It has delayed its annual January price hike. The company recorded one-time impact of new labour code of INR 90mn (INR 50-60mn on recurring basis ahead).
Vijaya	<ul style="list-style-type: none"> Mr. Ankit Shah joined as CFO, Mr Shiva rejoined as COO, Mr Sai Prasad joined as Chief Technology Officer and Mr. B. Kiran joined as Lab Director recently. Radiology segment benefitted from strong execution driven by hub expansions over the past few years and strong reception in new geographies. Two new hub centres were commissioned in its core markets of AP and Telangana during Q3 and are on track to break-even within one year. In Q3, the company commissioned new hub centres in Phoolbagan and Diamond Harbour, taking the total hub count in West Bengal to seven. Despite being a seasonally weak quarter, revenue growth was ahead of Q2FY26, led by balanced growth across radiology and pathology segments. The company had a nominal impact of INR depreciation, which was offset by GST rate reduction.
Thyrocare	<ul style="list-style-type: none"> During Q3, Thyrocare added two labs (one each in Karnataka and Himachal Pradesh). Thyrocare now has 39 labs in India and one in Tanzania. Company has network of over 2,000 phlebotomists (largely to service partnership business). Flagship bundled testing packages viz. Aarogyam and Jaanch, each grew 16% YoY. The company is expanding its capabilities in genomics and management sees significant potential in this segment going ahead. Management has not seen any major uptick in test volumes related to usage of GLP-1 drugs. Depreciation was high on account of ROU capitalisation owing to addition of machines and labs. COGS reduced by INR 60mn and depreciation increased by similar amount during Q3FY26.

Source: Company data, I-Sec research

Exhibit 7: Outlook

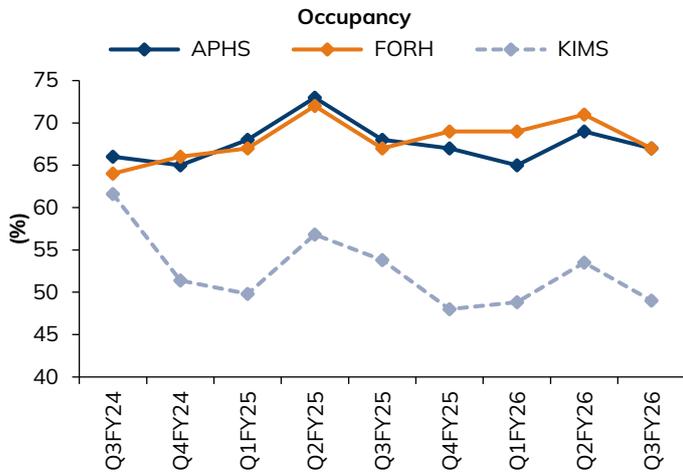
Company	Guidance
Apollo	<ul style="list-style-type: none"> The company is on course to operationalise 750 beds out of 1500 bed capacity across five hospitals in Pune, Hyderabad, Kolkata, Bengaluru and Gurgaon in FY27. The balance 750 beds will be operationalised in early FY28, once occupancy level of 40% is achieved at these hospitals. Addition of new beds may dent EBITDA by INR 1.5bn in FY27, while 1,500 beds could break even in two years. Better utilisation, cost curbs and ALOS at existing hospital network should aid margin expansion of 100bps to ~26% in FY27. ARPP is likely to grow at 13-14% in FY27, with equal contribution from case-mix improvement and pricing. Revenues of existing hospitals may grow at 12-14% YoY going forward and new hospitals should fetch additional 3-4% growth. In Apollo's Healthco biz, management is confident of achieving 32% growth in GMV on an adjusted basis. Maximum ESOPs cost is expected to be recorded in FY26 and is likely to come down next year. Merger of Apollo Healthco and Keimed has secured approval from SEBI, while NCLT clearance is awaited.
KIMS	<ul style="list-style-type: none"> KIMS aims to double its revenue in the next three years. ARPOB across all clusters except Maharashtra and Bengaluru are expected to be at current levels. Thane hospital is likely to break even by end of Q1FY27, while majority of new hospitals are expected to break even in FY27. The company is likely to incur capex of INR 5-6bn in FY27. Occupancy in Telangana cluster is likely to rise to ~75-80% in next 3-4 years aided by commissioning of Kondapur hospital. Growth in this cluster will gradually move to double digits from current growth of 5%, post the addition of beds at new hospitals in Kondapur and Kompally. Existing Kondapur hospital (250 beds) is operating at 90-95% occupancy. It could shut down the old hospital in six months, once the new building is ready. The new Kondapur facility (850 beds) should boost growth by 20-25% YoY and the operating cost of Kondapur facilities could be higher in the initial 3-4 months, before it shuts down the older hospital. Fixed cost of the new facility would be 25-30% higher than the older hospital. Addition of a cancer centre and 75 beds (out of 250 beds) at Ananthpur hospital and commissioning of Rajamundry hospital could happen in Q4FY26. The company has entered into an agreement to construct a hospital in Chennai over the next two years. Management has identified 2-3 micro markets in Chennai, which is currently underserved. Empanelment of top five insurance companies (two completed) at Thane and Nashik hospitals is likely to be done by Q4FY26. Secunderabad hospital is expected to resume operations in H2FY27, post renovation. Management is exploring opportunities in Mumbai. It prefers to acquire land and build hospital in Mumbai due to high rental costs.
Jupiter	<ul style="list-style-type: none"> Commencement of Dombivli hospital could drag EBITDA margins of the company for the next two years and result in higher depreciation starting Q4FY26. Historically, the average EBITDA drag from new hospitals has been INR 20-30mn per month for the first year of operation. ARPOB at mature hospitals (Thane and Pune) is expected to grow broadly in line with inflation. There is scope for ARPOB improvement at Indore hospital over the next couple of years, while Pune hospital is approaching maturity. Construction of Pune (Bibwewadi) hospital has commenced and is expected to become operational in CY28. Capex incurred so far stands at ~INR 450mn. Management intends to develop a greenfield hospital and is currently in discussions for a few opportunities. Reduction in import duties on medical equipment from Europe is likely to offset the impact of INR depreciation on equipment purchases.
Fortis	<ul style="list-style-type: none"> Fortis expects ARPOB increase of 4-5% going ahead. It is awaiting clarity on CGHS and ECHS rate hikes; no meaningful benefit in Q3. International revenue of the company is likely to be stable, in the range of ~8-9%. It is focusing on newer avenues in East Africa, Middle East and Central Asia. IHH may infuse equity capital (5% raise via preferential allotment). The proposal will be evaluated over the next 3-6 months. The company plans to add ~430 beds in FY27 (including ~200 at FMRI, of which it will commission ~100 beds by Apr'26).
HCG	<ul style="list-style-type: none"> Management maintained its revenue growth guidance of 15%+ (10% from volume), margins are expected to rise to 23-24% over the next 3-4 years. Growth is expected to be driven by existing capacity along with brownfield and greenfield initiatives. 80% of the margin expansion likely to come from existing centres while 10-12% from brownfield expansion and 5-6% from greenfield expansion. Hospitals at Bangalore, AP, Mumbai, Ahmedabad, Ranchi, and Calcutta are likely to be key growth drivers in the near term. Q4FY26 is likely to be strong quarter for the company. HCG is on track to commission North Bangalore hospital in Q4FY26 and Whitefield hospital in FY27. It will be adding 60 beds to existing Cuttack hospital by end of FY27. Management is confident of delivering ROCE of 20% in the next 5 years (ROCE for 9MFY26 stood at 13.3%). ROCE improves significantly once center crosses INR 100mn worth monthly topline. HCG's capex outlay is likely to be ~INR 2.7-2.8 in FY26 and INR 3.1bn for FY27. Medical tourism accounted for 3.5% of revenue and the management aims to increase it to 7% over the next 4 years. HCG's board has approved equity fund raise worth INR 4.25bn through rights issue.
Dr Lal	<ul style="list-style-type: none"> Dr Lal is unlikely to take a price hike in next 2-3 quarters. The company has retained 11-12% organic revenue growth guidance for FY26.

Company	Guidance
	<ul style="list-style-type: none"> The management expects EBITDA margin of 27-28% in FY26 and does not foresee any expansion from these levels. Capex for FY26 is likely to be in the range of INR 1.5-1.6bn, as it has made investment for precision diagnostics and Sovaaka centres. Besides, it incurs maintenance capex of INR 500-600mn per year and INR 300-320mn towards new radiology centres. Capex for FY27 would be between INR 1-1.5bn. Company is open to inorganic opportunities (potential opportunities may be a top 3/ 5 player in Southern India or a standalone centre in Northeast or West region).
Metropolis	<ul style="list-style-type: none"> Metropolis expects Q4FY26 to be a seasonally strong quarter. Management has maintained guidance of 12-13% organic growth and margin expansion (~70-100bps) for FY26. The company is confident of sustaining 7-8% patient volume growth ahead. Capex outlay for FY26 is expected to be INR 600mn (INR 400mn in 9MFY26). The company's focus continues to be on enhancing network in 750 towns, mostly through the franchise route.
Vijaya	<ul style="list-style-type: none"> Management expects to surpass its growth guidance of 15% in FY26. The company has maintained EBITDA margin guidance of ~40% in FY26 despite investment in talent and IT initiatives. Capex outlay is likely to be INR 1-1.2bn in FY27. The company is on track to add 4-5 hubs and 10-15 spokes in FY27. In FY28-29, it would be an optimal mix of hub and spoke addition. Break-even of spoke is usually in six months while positive EBITDA generation would be within another six months. Spokes usually achieve revenue of INR 150-200mn in 18-24 months. Management is confident of maintaining edge over other players by venturing into radiology segment. The company has not taken price hikes post Q1FY25; going ahead, it is likely to take yearly price hike of 1-1.5%.
Thyrocare	<ul style="list-style-type: none"> Management has maintained its goal of mid-teen growth in the long term vs. industry growth of 10-11%. Franchise biz is expected to grow at 12-13% in the long term and partnership business could grow at 18-19%. The company expects gross margin to be in the range of 74-76% going forward. EBITDA margin (ex-ESOPs) is likely to remain at current levels, though the company may increase its growth-related investments. ROU capitalisation charge (below EBITDA) was ~INR 130mn in FY25, and is likely to be ~INR 220-230mn in FY26. Tax rate could remain at 27-28% levels ahead.
Nephrocare	<ul style="list-style-type: none"> Growth ahead will likely be driven by a surge in patient volumes at existing clinics, minor price hikes, additions of clinics in existing countries and foray into new countries through targeted acquisitions and PPP mode. Revenue is expected to grow at a CAGR of 15-20% over the next 3-4 years. Margins are likely to be in the current level of 24.3% (excluding cost related to Saudi operations). Annualised RoCE is expected to be ~24.7% in FY26. It would continue to invest in RoCE accretive projects.

Source: Company data, I-Sec research

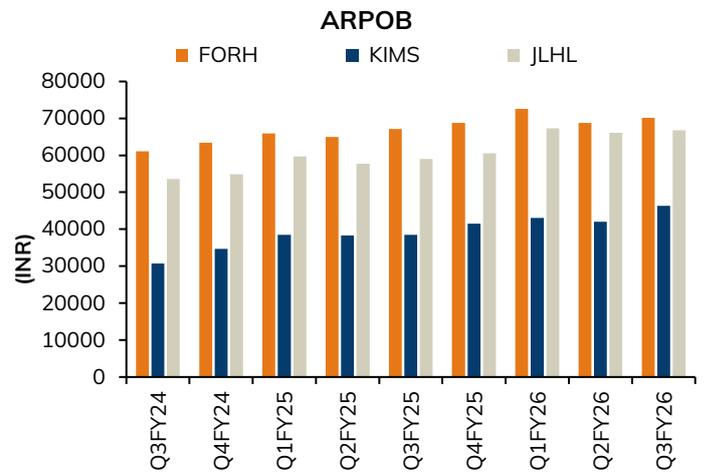
Hospitals – Story in charts

Exhibit 8: Bed occupancy stayed flat YoY for Fortis in Q3



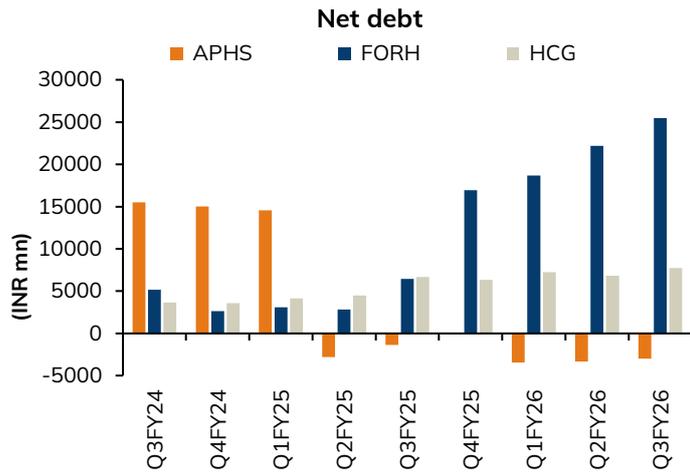
Source: Company data, I-Sec research

Exhibit 9: ARPOB continues to rise across hospitals



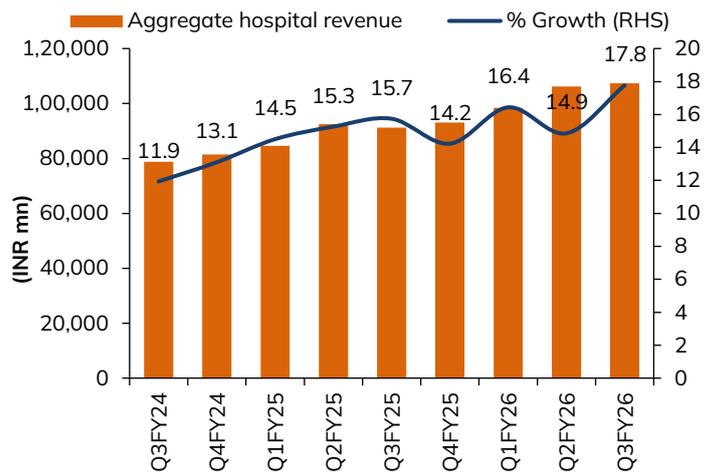
Source: Company data, I-Sec research

Exhibit 10: Fortis may look to de-lever balance sheet through equity raise



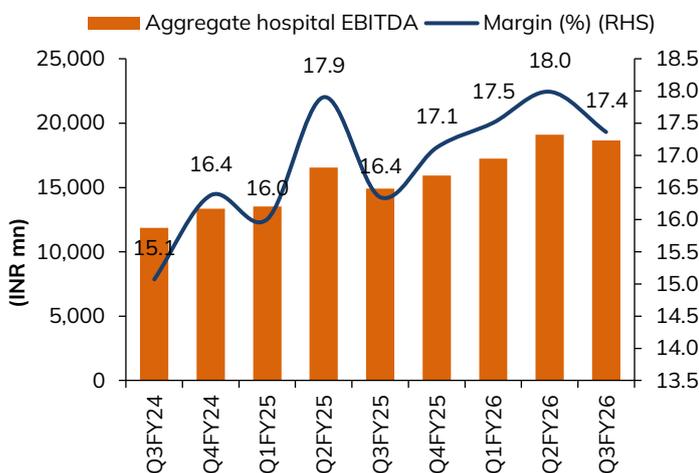
Source: Company data, I-Sec research

Exhibit 11: Better case mix and price hikes supports revenue growth



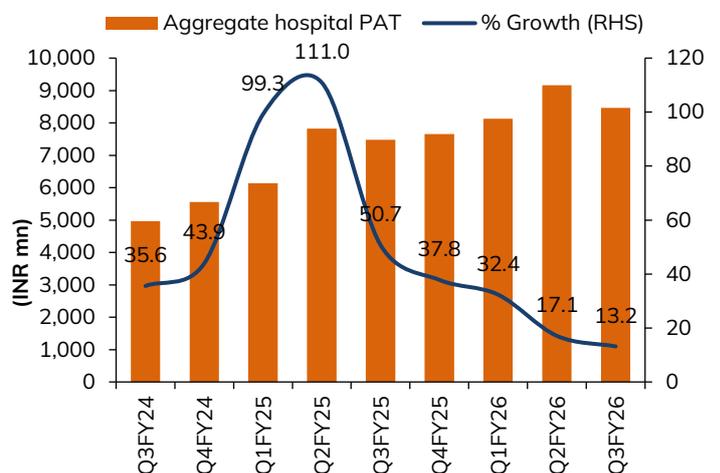
Source: Company data, I-Sec research

Exhibit 12: Hospital margin expanded by ~99bps YoY



Source: Company data, I-Sec research

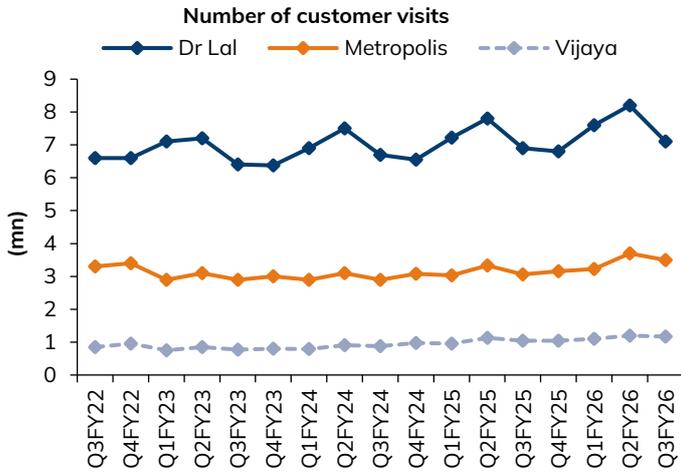
Exhibit 13: Net profit growth grew 13.2% for Q3



Source: Company data, I-Sec research

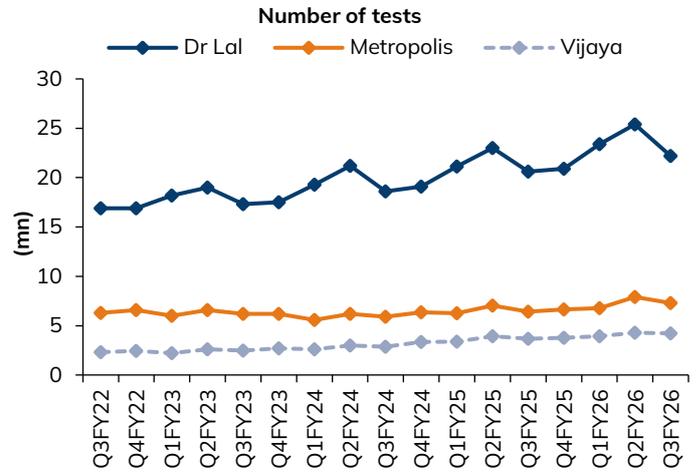
Diagnostic (I-Sec coverage) – Story in charts

Exhibit 14: Network expansion drove better patient flow



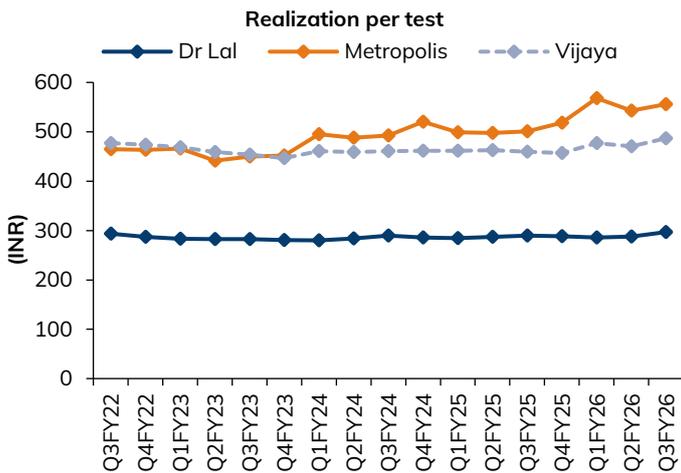
Source: Company data, I-Sec research

Exhibit 15: Number of tests surged YoY across the board



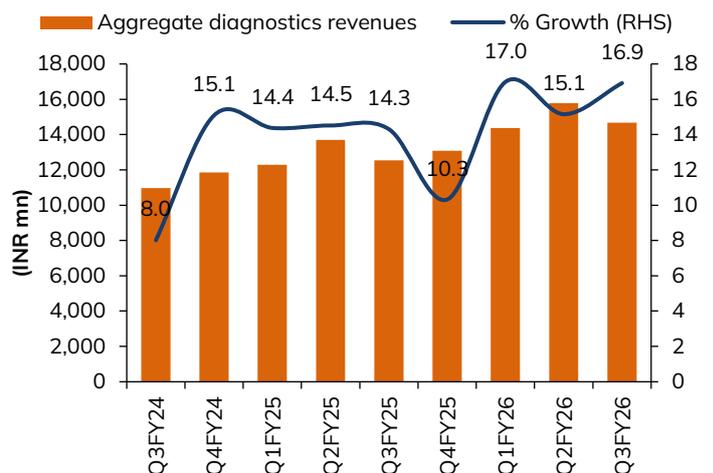
Source: Company data, I-Sec research

Exhibit 16: Realisation per test increased on QoQ basis



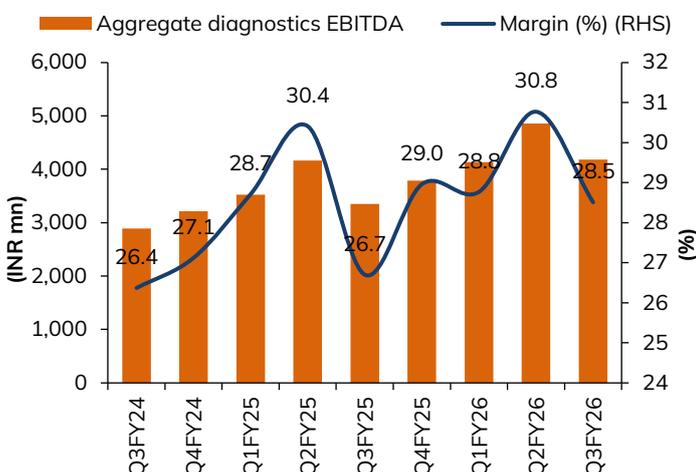
Source: Company data, I-Sec research

Exhibit 17: Volumes and realization improve drives growth



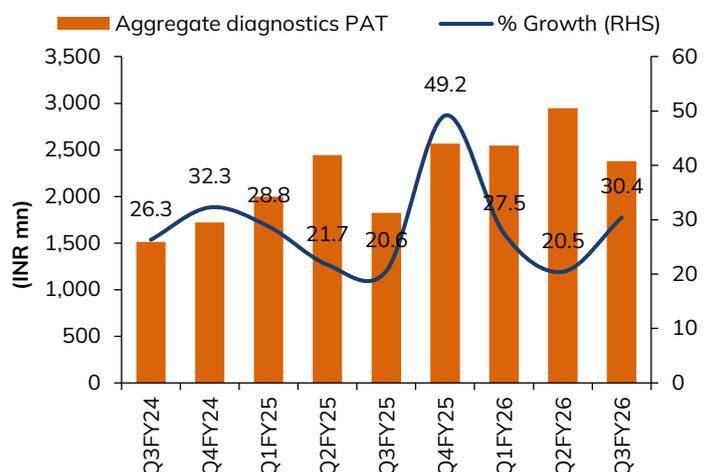
Source: Company data, I-Sec research

Exhibit 18: EBITDA margin expanded 181bps YoY



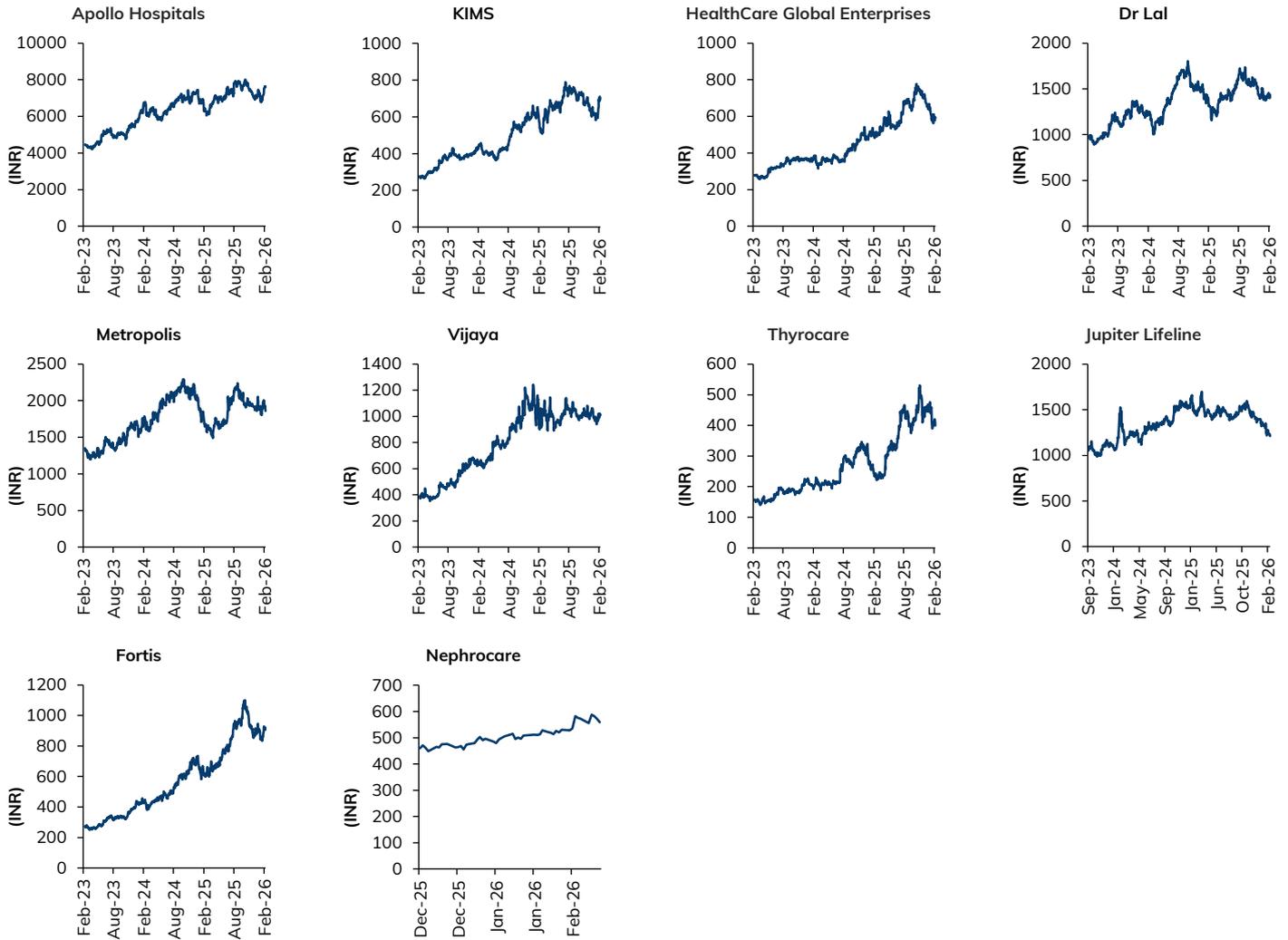
Source: Company data, I-Sec research

Exhibit 19: Aggregate net profit grew 30.4% YoY



Source: Company data, I-Sec research

Price charts



Source: Bloomberg

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